United Nations A/65/PV.29

General Assembly

Sixty-fifth session

Official Records

29th plenary meeting
Wednesday, 13 October 2010, 10 a.m.
New York

President: Mr. Deiss ..... (Switzerland)

The meeting was called to order at 10.05 a.m.

Agenda item 24

Eradication of poverty and other development issues

(a) Implementation of the Second United Nations Decade for the Eradication of Poverty (2008-2017)

Meeting devoted to the outcome of and follow-up to the International Year of Microcredit

The President (*spoke in French*): In accordance with resolution 63/229, of 19 December 2008, the General Assembly will now hold a plenary meeting devoted to the consideration of the outcome of and follow-up to the International Year of Microcredit. I shall begin by making a statement on my own behalf.

Our plenary meeting today, 13 October 2010, is devoted to the follow-up to the International Year of Microcredit. This issue seems to me to be particularly relevant for at least two reasons. First, it is important to ensure that the issues brought to the international community's attention when an international year is proclaimed do not drop out of sight afterwards. Our credibility depends on it. The publication of the "Blue Book" and the establishment of the United Nations Advisers Group on Inclusive Financial Sectors have already represented important milestones in this regard.

In addition, this meeting is taking place just three weeks after the High-level Plenary Meeting on the Millennium Development Goals. Microfinance has an essential role to play in efforts to achieve the Goals one need only cite the improvement in women's access to financial services, their consequent empowerment and the indirect positive effects this has on children's schooling and health care.

Microfinance is a key instrument for improving the living conditions of poor populations. The considerable growth of microfinance over the past few years can be described as a success. This development has been fostered by a strong partnership among Governments, non-governmental organizations, civil society and the private sector. Innovative practices and new stakeholders have emerged. These developments are encouraging, but more needs to be done.

The report (A/65/267) of the Secretary-General on the role of microcredit and microfinance in the eradication of poverty reveals a number of limitations. Geographical coverage is uneven and rural areas are still often excluded. In general, microfinance has difficulty reaching the poorest populations, which are precisely the ones at whom it is directed. Most significantly, another basic finding is that, while microfinance helps to improve the lives of the poor, it cannot lift them permanently out of poverty. Microfinance is not sufficient to generate productive activities. It does, however, have significant educational potential in terms of introducing poor populations to market mechanisms and activities, of which they know little.

We should draw lessons from the experience gained thus far so as to take better advantage of the potential of microfinance. Just as we developed the

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initial concept of microcredit into the concept of microfinance, the better to reflect the wider range of financial services offered, we should now take appropriate steps to give effect to the idea of inclusive finance, thus ensuring that the financial sector promotes the creation of jobs and productive activities, and is thus placed at the service of the poorest and of society as a whole.

To that end I invite the Assembly to consider the recommendations made by the Secretary-General in his report. I wish members a fruitful debate.

Mr. De Bassompierre (Belgium): I have the honour to speak on behalf of the European Union (EU). The candidate countries of Turkey, Croatia and the former Yugoslav Republic of Macedonia; the countries of the Stabilization and Association Process and potential candidates of Albania, Bosnia and Herzegovina, Montenegro and Serbia; as well as Ukraine, the Republic of Moldova, Armenia and Georgia, align themselves with this declaration.

Let me first thank you, Sir, for organizing this meeting of the General Assembly on the follow-up to the 2005 International Year of Microcredit. It is the EU's conviction that an inclusive financial sector, and in particular microfinance and microcredit, is a very important tool in the global effort to alleviate poverty and achieve the Millennium Development Goals (MDGs). An inclusive financial sector and microfinance can contribute to sustainable and inclusive growth as a basis for sustainable development, and can help lift poor people out of poverty, particularly women and rural populations.

Five years have gone by since the International Year of Microcredit, and the world has changed. In these five years, microfinance and microcredit have gained significant momentum, and the microcredit agenda has gradually evolved into a much broader approach of financial inclusion. Addressing the broader agenda of financial inclusion was one of the objectives of the United Nations Advisers Group on Inclusive Financial Sectors, established in 2006 as follow-up to the International Year of Microcredit. This change is reflected in the outcome document of the High-level Plenary Meeting on the MDGs, which refers to

> "Promoting inclusive financial services, particularly microfinance, and including affordable and accessible credit, savings, insurance and payments products for all segments of society, especially women, people in vulnerable situations and those who would not normally be served". (*resolution 65/1, para. 70*)

The Secretary-General's report (A/65/267) on the role of microcredit and microfinance in the eradication of poverty and the annual report of the Secretary-General's Special Advocate for Inclusive Finance for Development, Her Royal Highness Princess Máxima of the Netherlands, offer an excellent base for broadening the debate. That is the approach we need to adopt in both the General Assembly and the Second Committee.

Financial inclusion means universal access at a reasonable cost to a range of financial services for everyone needing them, provided by a diversity of sound and sustainable institutions. Financial inclusion includes microfinance and microcredit, but also services related to savings, payments and remittances, as well as insurance for individuals, microentrepreneurs and small- and medium-sized enterprises. It helps increase productivity and creates income. It generates jobs. It also protects people against unforeseen shocks and helps them to manage cash flow and build assets over time. Having an inclusive financial infrastructure is very important for sustainable and inclusive growth.

Support to microfinance is part of the European Union's development cooperation. During the period 2005-2009, support for microenterprises and microfinance has been ensured through the EU Microfinance Framework Programme, with €15 million for African, Caribbean and Pacific countries, in collaboration with investment in debt and equity for banks and microfinance institutions provided by the European Investment Bank (EIB). As of the end of 2009, the EIB group committed some €654 million to around 30 microfinance projects or intermediaries, including €26 million in grants for technical assistance. The European Union's new Microfinance Programme II, for the period 2010-2014, will support the microfinance sector in African, Caribbean and Pacific countries with €57 million, including €15 million from the tenth European Development Fund.

The EU is committed to continue supporting the establishment of an inclusive financial sector that provides appropriate financial services to poor households and microenterprises. The need for capacity-building — human resources and institutions — of microfinance institutions is of great

importance, as are private sector participation and effective partnerships. Responsible finance also comprises the promotion of financial literacy. These will be critical to the successful expansion of inclusive finance on a massive scale. The increased use of information and communication technologies solutions, such as branchless banking, offers considerable potential for broadening access through the use of cell phones, bank cards and banking agents such as retail stores and post offices. Prudential regulation should guarantee that financial services will be provided in a way that is transparent, responsible and to the benefit of clients.

At the same time, the European Union would also like to stress that financial exclusion is not only an issue for developing countries; problems of access to finance are also relevant in advanced economies. Sharing experiences on ways to improve financial inclusion is therefore of interest to all development partners. In this respect let me briefly mention the European Microfinance Platform, which aims to exchange best practices and policies regarding microfinance in developing countries by bringing together stakeholders from the public and private sectors as well as from civil society. Two important initiatives are worth mentioning in this respect.

The first is the 2010 European Microfinance Week, which will be held in Luxembourg at the end of November, and the second is the third European Microfinance Award, which will be awarded on that occasion on 30 November 2010, with the objective of promoting initiatives in value-chain finance. The EU also welcomes the ongoing work of the Group of 20 (G-20) on financial inclusion and the G-20 principles for innovative financial inclusion, endorsed in Toronto.

To conclude, let me highlight that the EU looks forward to cooperating with other Member States, United Nations bodies and all relevant stakeholders to further promote universal access to financial services.

Mr. Shukla (India): Allow me to begin by thanking the United Nations and all those working tirelessly for the promotion of microcredit as a tool for the eradication of poverty.

The Secretary-General's report (A/65/267), submitted in accordance with resolution 63/229 and against the backdrop of the Second United Nations Decade for the Eradication of Poverty, is an insightful summary of the global microcredit experience, with valuable lessons for all of us. The development of microcredit and microfinance as a strategy to eradicate poverty was the central theme of the International Year of Microcredit in 2005. It is well recognized that microcredit and microfinance as policy platforms have contributed significantly to socio-economic development and poverty reduction, especially in developing countries.

As a market-based approach to fighting poverty, microfinance is focused on developing entrepreneurship and expanding self-employment. Microfinance institutions, which number more than 3,500 worldwide today, serve approximately 155 million people the world over. As microfinance institutions have demonstrated the sustainability of microlending, commercial banks have transformed the model into a major global industry. Between 2004 and 2008 these institutions experienced average annual asset growth of 39 per cent and accumulated more than $60 billion in total assets.

However, we remain concerned about the high rates of interest charged by commercial microfinance entities. Governments must address this anomaly through policy intervention. Microfinance schemes have also demonstrated their viability to bring about social change, especially the promotion of women's empowerment and gender equality. Many such programmes in the developing world are accompanied by social service schemes and act as social safety nets in times of crisis. The insurance schemes of microfinance provide inexpensive short-term coverage for life, health, property, livestock, crops and natural disasters.

India, which has the largest microcredit network in the world, has had significant success with the programme. In particular, I would like to mention the impressive performance of microcredit schemes being run by self-help groups in India, which today number around 2.2 million. Based on the microcredit model, we are also running micropension schemes for the informal sector, a large segment of our economy that otherwise could not have availed itself of social security benefits.

Notwithstanding the success of microfinance, we are well aware of its limitations as a poverty reduction strategy. But in the final analysis of things, going by our experience in India and what we have noted across the world, I must say that microfinance has been able

to play a significant role in dealing with poverty reduction and social development in developing countries. The financial and economic crisis has severely impacted the liquidity of microfinance institutions and has weakened their ability to offer innovative services. The crisis also led to the realization among Governments that it was time to move from a microcredit and microfinance regime to more comprehensive financial inclusion.

India has set a goal to make every village in the country financially included through mobile banks by 2015. The expansion of information and communication technology services has fuelled the growth of microfinance. The concept of branchless banking through mobile phones, bank cards and banking agents has met with particular success in developing countries. In the least developed countries and in Africa it has established direct channels for receiving remittances and has spurred the domestic mobilization of resources.

In conclusion, I would like to say that India is strongly committed to financial inclusion for all and calls for the further expansion of the microcredit and microfinance strategy for achieving poverty reduction and other Millennium Development Goal targets. I end with greetings to all co-workers throughout the world involved in this task.

Mr. Eggleston (Australia): I have the honour to speak on behalf of the Australian Government and am very grateful for the opportunity to address the General Assembly during this important follow-up to the 2005 International Year of Microcredit.

Australia sees the financial inclusion of the poor as essential to the reduction of poverty, sustainable development and progress towards the Millennium Development Goals. Some 2.7 billion adults around the world lack access to banking services.

Access to a wide set of financial tools, such as credit, savings products, payment and transfer services and insurance, helps poor people to increase their income and build assets. Through financial services, poor people can set up small businesses, insure against crop losses and save in case of illness or disaster. Microfinance is a particularly important tool for promoting gender equality and the empowerment of women.

Over two-thirds of microfinance clients throughout the world are women. When women are provided with access to finance, the whole household benefits. Women with access to microfinance can have greater control over their incomes and more power in household decision-making. Through microfinance programmes, women often gain new vocational skills, self-confidence and greater leadership, resulting in an enhanced ability to drive change within both the household and the broader community.

Australia supports financial inclusion initiatives across the globe, from the Pacific island countries of Papua New Guinea and, Timor-Leste, in the Asia-Pacific region,, to countries far outside our region, including Iraq, and Peru and Colombia in South America. Australia's approach to supporting financial inclusion is outlined in the document entitled "Financial services for the poor: a strategy for the Australian aid programme 2010-15", which was launched earlier this year. Through this strategy Australia will build the capacity of financial institutions to offer quality, affordable and fair financial services to the poor and assist Governments to create an enabling policy and regulatory environment. We will seek to utilize the potential of new technologies and we will support financial literacy programmes to help people in developing countries understand their finances and the services available to them.

It is clear that an enabling policy environment and a supportive legal and regulatory framework are essential for the sustainable growth of financial services to the poor. Governments play a crucial role in creating a policy environment that promotes the expansion of financial services while also protecting consumers against predatory service providers, including by ensuring effective interest- rate disclosure. Australia is working within the Pacific Islands Forum Economic Ministers' Meeting to ensure that financial inclusion is high on the agenda for finance and economic ministers in our region.

Current work with our Pacific region partners is helping to facilitate the transfer of remittances and promoting the use of new technologies, including mobile phones for branchless banking. Technology such as mobile telephones, point-of-sale devices and low-cost automatic teller machines offer great potential in strengthening access to financial services, especially for the poor in rural and sparsely populated areas

where high transaction costs have impeded the development of traditional financial services.

When new technology is appropriately used, financial institutions no longer have to open numerous bricks-and-mortar branches to provide and expand services. In addition, new technology-based microfinance models can significantly reduce transaction costs as compared to conventional banking models. Innovative models of financial service delivery can provide a range of services previously unavailable to the poor, including savings, payments and transfer services. The Australian Government is committed to supporting institutions and fostering partnerships that push the frontiers of technology and innovation to expand the provision of financial services to the poor.

We also recognize the importance of supporting financial education. Financial education can provide the poor with the skills and knowledge needed to take advantage of financial opportunities and plan for the future. Financial education forms a vital cornerstone in ensuring that the poor are protected and treated fairly when using financial services. The lack of financial literacy is also a key contributing factor to over-indebtedness, which can push poor people even deeper into poverty.

Australia supports the efforts of the Group of 20 (G-20) to promote financial services for the poor and is pleased to contribute as co-Chair with Brazil of the G-20 financial inclusion experts group. The nine principles for innovative financial inclusion endorsed by the G-20 leaders in Toronto in June set important standards for financial access, financial literacy and consumer protection.

Australia will continue to work closely with our development partners to unlock the potential of financial services for the poor. Thank you, Mr. President, for the opportunity to contribute to this important debate.

Mr. AlJarallah (Kuwait) (*spoke in Arabic*): The General Assembly today is today discussing one of the most important items on the agenda of theist sixty-fifth session, given the enormous and real challenge posed by the issue of eradicating poverty represents. It is a goal that requires us all to stand side by side in order to confront and eliminate it.

My country's delegation is pleased to convey its thanks to the Secretary-General, Mr. Ban Ki-moon, for his detailed report (A/65/267) on the implementation of the Second United Nations Decade for the Eradication of Poverty (2008-2017), as well as and also for the important recommendations it provides for the purpose of facing up to the challenges posed by poverty and by trying to reach other relevant development goals.

We also extend our thanks to the Director-General of the United Nations Industrial Development Organization, Mr. Kinder Yokels, and his team for the efforts they have exerted made in the preparation of a report on cooperation in the field of industrial development, which contains a thorough account of the latest developments in that area and of the obstacles encountered by the least developed countries that diminish their chances of entering to enter the global market for manufactured goods.

Three weeks ago in this Hall, a summit Meeting was held that brought together heads of State and Government to review progress in the achievement of the Millennium Development Goals. At the summit, leaders committed themselves to make every effort and to double their donations to achieve the Goals by 2015. In that context, it is important that States continue to intensify their efforts to achieve Goal 1, namely, to reduce by half the number of people living in hunger and poverty.

That is still an important objective, despite discouraging number of indicators, showing that the number of poor people in the world rose to more than 1 billion in 2009. That increase was the direct result of the new challenges the world currently faces, such as the increase in food prices, fluctuating energy prices, other challenges, and the world economic crisis. All of that requires that we unite our efforts, consolidate the concept of global partnership and promote collective efforts by States in order to grapple with and eradicate the scourge of poverty.

The State of Kuwait has spared no effort to provide assistance to developing and least developed countries through its official and non-official institutions. Since gaining independence, in 1961, my country has been keen to provide assistance to the international community in order to ease human suffering in various parts of the world. As it has over the past 50 years, the Kuwait Fund for Arab Economic Development has continued to provide grants and assistance to more than 100 countries throughout the world, including guaranteed concessionary loans in

excess of $14.5 billion. That is equivalent to 1.31 per cent of my country's gross domestic product, and double the internationally agreed official development assistance target.

Based on my country's firm belief in the vital and effective role of United Nations organs, the State of Kuwait is committed to providing annual voluntary contributions to a number of international and regional organizations and specialized United Nations agencies active in the areas of development and humanitarian assistance. My country has also undertaken initiatives aimed at stimulating economic growth and raising the standard of living in poor countries affected by the rise in the price of basic foodstuffs. To that end, in addition to cooperating with similar initiatives throughout the world, we have established the Fund for Decent Living, which is capitalized with $100 million for the purpose of supporting initiatives to speedily provide basic food staples to needy people and to contribute to programmes aimed at increasing the yield of agricultural crops. Kuwait has also allocated $300 million to combat poverty in Africa through the Islamic Development Bank.

The process of eradicating poverty requires diligent hard work and intensified joint efforts, in addition to sincere and serious commitment. It is high time for the international community to accomplish a tangible measure of progress in fulfilling its commitments. The most important thing we look forward to is for States to honour their obligations. We also hope that donor States will meet the promises they took upon themselves to provide financial and technical assistance and devote 0.07 per cent of their gross domestic product to official development assistance.

In the same vein, eradicating poverty requires a commitment from developing countries to put in place transparent financial, monetary and trading systems that are compatible with the demands of the world market and in line with the international financial system. They should also consolidate their capabilities in the field of macroeconomics, strengthen their national development strategies and undertake social and political reforms with a view to achieving the Millennium Development Goals and securing the desired development.

Mrs. Wahab (Indonesia): Our meeting today takes on increased significance, as it follows on the heels of the General Assembly Meeting held three weeks ago to find ways to accelerate the achievement of the Millennium Development Goals (MDGs). Despite the multiple crises that have had a negative impact on the global economy, leaders at the MDG summit affirmed the need to achieve the Goals by 2015 and to bring an end to poverty. It was agreed that MDG 1, namely, to eradicate poverty and hunger, remained the most critical challenge to development at the global level. Accomplishing that MDG will have an effect on the attainment of most other MDGs.

Because of the capacity of microcredit and microfinance to create jobs and facilitate the business ambitions of the poor, the follow-up to the 2005 International Year of Microcredit provides a vital opportunity to successfully engage the challenge of poverty. The widespread use of such resources will therefore advance the MDG implementation process. It is for that reason that we have gathered here in the Hall today, to determine how best to maximize the use of microcredit and microfinance in poverty reduction.

Contrary to expectations, the existing model of development does not always work as efficiently as it could to combat poverty. In fact, the current global financial and economic crisis points to imbalances resulting from the operation of that model. There are too many have-nots. Indeed, development experts have pointed out that development that perpetuates inequalities will prove neither sustainable nor worth sustaining in the long run. Just and equitable distribution of national resources to promote economic growth and development will therefore, of necessity, respond to the special needs and problems facing the poor.

The recognition of that fact led to the declaration of 2005 as the International Year of Microcredit. The Year brought about increased public awareness and understanding of the social and economic value of microcredit and microfinance. In addition, the following years have amply demonstrated that the strategic use of microcredit by developing countries can lead to the achievement of many targets set out in the MDGs, especially with regard to job creation. Given the importance of microcredit and microfinance in achieving MDG targets, Indonesia would like to highlight some pertinent points to justify intensifying their use in poverty reduction.

First, the poor must be given access to resources to overcome their severe deprivation. With increased access to financial resources and services, the poor in developing regions have been known to satisfy the health and educational needs of their children. Others have been able to set up microenterprises and achieve some measure of financial independence. To that end, Governments must ensure that the poor have better access to financial services. In addition, steps should be taken to promote financial literacy among the poor.

Secondly, the financial needs of smallholder farmers should not be ignored. They must be guaranteed access to resources so that agricultural productivity can be boosted. The importance of agriculture to the real economy cannot be overstressed — more so in the light of the recent food crisis, which had an impact on many poor nations.

Thirdly, the use of microcredit and microfinance should be gender-sensitive. As agents of development whose needs are often overlooked, due care must be taken to ensure that microcredit reaches into the lives of poor women. The availability of resources must match their contributions to economic development.

Indonesia has its own microcredit success stories to share. Our nation is on a development path that stresses economic growth with equity and social justice for all. Our awareness that biases in national economic and social policies can contribute to poverty have led us to strengthen our country's capacity to make maximum use of microfinance and microcredit. Microfinance is disbursed through formal banking facilities, such as the People's Bank of Indonesia, and through non-banking agencies that are managed by non-governmental organizations and self-help groups. These are important institutions because 98.5 per cent of Indonesia's business sector can be categorized as microenterprises. These facilities have therefore helped to keep poverty in check.

Our credit for the smallholders programme is among the projects in our national medium-term development plan for the period 2010 to 2014 that have had an impact on the development of small- and medium-sized enterprises and cooperatives in Indonesia. My country is committed to expanding the coverage of such credit beginning in 2011. In addition, the Government is also encouraging self-help groups and foundations, such as the Microfinance Innovation Centre for Resources and Alternatives foundation, to enhance poor peoples' access to credit offered by Indonesia's microfinance institutions. Owing to our policies and programmes designed to combat poverty, Indonesia's poverty rate fell from 16.7 per cent in 2004 — or 36.1 million persons — to 14.1 per cent in March 2009 — or 32.5 million persons. The goal is to reduce the poverty rate to 8 to 10 per cent by 2014.

Despite its successes, Indonesia recognizes that a great deal of work must be done to further reduce poverty through the strategic use of the microfinance sector, which is only now growing in significance at the global level. For its part, Indonesia will focus on the legal and regulatory framework to improve the efficiency and effectiveness of its microfinance sector.

In light of this, as a State member of the Group of 20, Indonesia welcomes the Group's decision to foster an enabling policy and regulatory environment for innovative financial inclusion. At its summit in Toronto in June, the Group endorsed principles that will serve to increase the access of the poor to financial resources and services.

There are other tools that can be used to good effect. Indonesia believes that the United Nations "Blue Book", entitled *Building Inclusive Financial Sectors for Development*, provides the policy framework for countries to turn their microfinance commitments into concrete action. Equally important, valuable successes should be replicated where conditions and circumstances permit. In this way, Member States will advance efforts aimed at achieving the goals set out by the International Year of Microcredit.

Mr. Mashabane (South Africa): At the outset, I should like to welcome the convening of this important event, which offers us an opportunity to broaden and deepen the discussion on microcredit and microfinance, as well as inclusive financial sectors.

We are mindful of the fact that the General Assembly designated the year 2005 as the International Year of Microcredit and supported devoting that year to the ongoing challenge of eradicating poverty, which is also part of the Millennium Development Goals. Since that time, the General Assembly has underscored the importance of microfinance as an instrument for socio-economic development and regarded microfinance as a useful tool in the eradication of poverty.

Today, we hold this plenary meeting to consider the outcome of and follow-up to the International Year of Microcredit. This meeting takes place against the backdrop of the recent discussions held on the eradication of poverty in the context of the Millennium Development Goals. We are once again looking at the eradication of poverty with a specific focus on microcredit and microfinance. South Africa recognizes the role of microfinance as a catalyst for sustainable development and growth. Microfinance has proved to be a powerful tool to bring financial services to the poor, who would otherwise be excluded from them.

South Africa has undertaken a number of initiatives towards contributing to some of the undertakings related to the International Year of Microcredit. In ensuring that sustainable institutions are built to provide affordable and appropriate financial services for the poor in a sustainable manner, the South African Microfinance Apex Fund and the Micro-Agricultural Finance Initiative of South Africa were set up as wholesale finance and institutional development institutions to provide support to microcredit, agricultural and cooperative programmes. Other initiatives include the formalization of the cooperative banking sector through the Co-operatives Banks Act and the regularization of the activities of the Post Bank.

Promoting an inclusive financial sector and supporting sustainable access to financial services are central to South Africa's programme of developing and transforming the financial sector. The development of the financial sector in a manner that provides access to the poor can achieve economic growth, stimulate job creation, overcome social exclusion and reduce poverty. South Africa believes that microfinance will contribute to achieving its objectives of poverty reduction, employment creation and the empowerment of women. Hence, South Africa will continue its efforts to develop and grow a sustainable microfinance industry by providing the relevant technical support, funding and conducive regulatory framework, with a special focus on the poor and women in particular.

According to international estimates, women represent more than 70 per cent of all microfinance clients. This positive discrimination has multiplier effects for their families. Women have the burden of responsibility for providing their families with food, fuel and water. They should have access to financial services that allow them to shoulder their responsibilities with less uncertainty. By being able to engage in income-generating activities, women are able to provide their families with more stability, better access to education and, consequently, more opportunity to lift the next generation out of poverty.

South Africa shares the views of the Secretary-General in his report (A/65/267) that microfinance is part of a strategy to promote women's empowerment and gender equality. We agree that, with women largely excluded from the formal financial sector and subject to various forms of gender discrimination, there is an urgent need to deepen and broaden their inclusion in financial activity.

In conclusion, we believe that the continued value of this event is that we are able to talk about a topic that is immensely valuable to our efforts to promote access to microfinance, which has proved to be beneficial to our people in the fight against poverty.

Mrs. Rubiales de Chamorro (Nicaragua) (*spoke in Spanish*): Nicaragua, like the rest of the world, has had to endure an international context characterized by the deep negative effects of the world economic and financial crisis. Although subject to these conditions, the Government of National Unity and Reconciliation led by President Daniel Ortega Saavedra has been able to make progress in the fight against poverty — so much so that independent studies have announced that Nicaragua has reached Millennium Development Goal 1.

Nicaragua today is a nation free of illiteracy, enjoying free education and health care, with a school meal programme selected as one of the four best in the world by the Food and Agriculture Organization. We have also opened the doors to microcredit, putting particular stress on empowering women, especially in the area of agriculture, where we are pioneer grain exporters for Central America.

Historically, the Sandinista revolution gave women a primary role in all affairs related to development in Nicaragua. Today, the great majority of social projects — such as the ongoing microcredit empowerment programmes — are directed explicitly at Nicaraguan women. I refer in particular to the Hambre Cero and Usura Cero programmes; programmes to promote self-sufficiency in agricultural seeds and home savings; and other support programmes for the production of basic grains and for small- and medium-sized enterprises through agricultural financing.

These microcredit programmes not only give access to financing for their own development to hundreds of thousands of families — in other words, at least 1 million Nicaraguans — but are also accompanied by technical training with a holistic focus, which includes components to protect the environment.

All this has in turn created a virtuous circle through which the empowerment of the most dispossessed has strengthened the creation of jobs, the national production system and Nicaragua's economic infrastructure, playing a true buffer role to protect us from the worst effects of the economic crisis of 2009. Indeed, Nicaragua suffered one of the lowest levels of economic contraction of almost any country in the American continent. This would not have been possible if we had not broken with the neoliberal model and its Washington consensus, which promote deregulation, privatization and the minimization of the State, including its redistributive role.

As highlighted in the report of the Secretary-General, Governments can do much to build inclusive financial sectors to maintain macroeconomic stability through sound monetary and fiscal policies, infrastructure development and the promotion of access to financing for the poorest of the poor. Together with other development strategies focused on creating human capital and an enabling environment, this has allowed us to maximize the potential of microfinancing to eradicate poverty. The Nicaraguan revolution is a living example that, with political will, we can do things.

Ms. Wong (Singapore): I thank you, Mr. President, for the opportunity to address the General Assembly today.

The eradication of poverty promotes an indelible sense of peace and security. The architect of the Marshall Plan, George C. Marshall, said that "[w]ars are bred by poverty and oppression. Continued peace is possible only in a relatively free and prosperous world". Marshall was confronting the devastated and imbalanced landscape of European economies after the Second World War.

Today, a similarly daunting global landscape of poverty confronts us. In 2000, our leaders pledged to tackle the situation by committing to the Millennium Development Goals, but we remain far from attaining them. Rising commodity prices, internal and cross-border conflict and natural disasters are just some of the factors hampering developing countries' efforts to pull their populations out of poverty. Even among developed countries, there remains an underclass that has not been able to participate in the economic opportunities available to fellow citizens. It is a sad state of affairs that, in the twenty-first century, millions still lack access to such basic needs as food, shelter, health, education and security.

A reassessment of poverty eradication philosophy and methods is needed. Financing to provide individuals with access to food, shelter, health, education and security is important, but it is only one aspect of development assistance. The vision of Muhammad Yunus, Nobel Peace Prize laureate and founder of Grameen Bank, of putting "poverty in a museum" is underpinned by the philosophy that to raise people out of poverty we must empower them to pursue economic self-advancement. In Muhammad's model, financing in the form of microcredit is not used to fulfil the needs of the poor directly; rather, it is used to equip individuals with the means to provide for their own needs. In this way, financing is used as a tool to spur self-reliance and self-sufficiency.

Singapore shares the philosophy that if we are to see sustained results from our efforts to raise people out of poverty, we must ensure that, first, there is broad access to economic opportunities created by growth, and that, secondly, individuals are equipped to tap into these opportunities. Fostering inclusive growth is a major thrust of Singapore's growth strategy for the next phase of our development. We have traditionally invested heavily in education, training and skills upgrading to enhance the employability of our workers. But we recognize that the lower-skilled and less educated face particular challenges in staying employed. To help these individuals improve their economic prospects, we need to motivate them to seek work and provide them with strong support to upskill and upgrade over time. For low-income families, we need to ensure that their children have full educational opportunities to help them break out of the cycle of poverty.

To encourage low-wage workers to seek work and stay in employment, Singapore introduced the Workfare Income Supplement Scheme in 2007. As its name suggests, the Scheme provides an income supplement to low-wage workers to encourage them to work regularly and to help them build up their retirement savings. In this way, the Scheme

supplements the income of low-wage workers while preserving the work ethic.

To complement the Workfare Income Supplement Scheme, Singapore launched the Workfare Training Support Scheme in July this year to help low-wage workers upskill and secure better jobs. It takes into account the specific challenges faced by low-wage workers in attending and completing training. Employers are given funding support to encourage them to send their low-wage workers for training. To encourage workers to complete their training, they are given training awards for completing the requisite skills modules. Low-skilled workers, particularly those without a secondary education, can receive customized training programmes that cover basic literacy and numeracy skills as well. All low-skilled workers, regardless of their employment status, have access to these customized training programmes. Community programmes to help low-income workers and families raise their aspirations form another critical aspect of our assistance efforts. Low-income families with young children can receive coaching on parenting skills, counselling and family support, and assistance in enrolling their children in kindergarten and childcare.

While poverty eradication is often an issue of internal rather than external factors, the task can be complemented by assistance from bilateral, regional and international partners. Singapore agrees that developed countries can and should provide strong support to developing countries, particularly the least developed, to raise their people out of poverty. For their part, developing countries should continue to take ownership of their own development, ensure good governance and view development assistance as a means to support their ultimate goal of self-reliance and self-sufficiency at both the macro and the individual levels.

For Singapore's part, it provides assistance to its external partners under the Singapore Cooperation Programme, which is administered by the Ministry of Foreign Affairs. Just as we believe that low-skilled, low-wage workers in Singapore are best helped by providing them with the skills to secure good jobs rather than financial handouts that run out over time, the Programme offers technical assistance to developing countries in building up their competencies in the areas most relevant and useful to them. Since 1992, the Singapore Cooperation Programme has organized training programmes for more than 70,000 participants from 169 countries in various areas including economic development, education, environmental management, urban development, health care, public administration and governance. To date, the Programme's total commitment has exceeded 400 million Singapore dollars.

Cooperation through regional institutions and initiatives — from the sharing of best practices to the creation of new economic opportunities through economic integration and liberalization — can also help accelerate the progress of efforts to raise people from poverty. The efforts of the Association of Southeast Asian Nations (ASEAN) are a case in point. ASEAN has set itself a target to form an ASEAN economic community by 2015.

Towards this end, ASEAN decided last year to pursue an ASEAN connectivity initiative to deepen physical, communications, systems and people links among ASEAN countries. Greater ASEAN connectivity and the opportunities inherent in the creation of such networks will help to narrow the development divide between ASEAN member countries. ASEAN leaders have also pledged ASEAN's commitment to addressing socio-economic disparities and poverty by developing and implementing an ASEAN road map towards realizing the Millennium Development Goals (MDGs). Singapore would like to take this opportunity to reaffirm its commitment to working with its partners, both within and outside ASEAN, to help realize the MDGs by 2015 and to help eradicate poverty.

Mr. Almeida (Brazil): I wish to thank you, Mr. President, for convening this very important plenary meeting and to express my delegation's appreciation for the quality of the report presented by the Secretary-General (A/65/267) for our deliberations under agenda item 24 (a).

The eradication of poverty is not only an ethical imperative, but a key element of sustainable development strategies. In Brazil, social inclusion policies are at the heart of our development model, which associates economic growth with social justice and the distribution of income. They have also greatly contributed to mitigating the impact of the financial and economic crisis and to lay the basis for a quick economic recovery.

In order to make the progress achieved in the fight against poverty sustainable over time, it is our firm belief that multidimensional and integrated

programmes must be carried out by national Governments with the constructive engagement of international partners, including the United Nations system, respecting the principles of national ownership and leadership.

We believe that these policies must ensure the access of all to productive resources, opportunities and public services, enhance social protection and lessen vulnerability. Sustained and broad-based economic progress, coupled with social inclusion, is essential for boosting living standards and for eradicating poverty in a sustained manner. In that sense, increased access to microfinance and the provision of microcredit play an important role as effective measures aimed at generating income and self-employment for those normally excluded from the financial market. In Latin America, microfinance has developed into a true industry over the past three decades. Microcredit has been associated with conditional cash transfer programmes as an important tool for reducing economic and social vulnerability and dependency.

As rightly pointed out by the Secretary-General in his report, access to credit alone is insufficient for poverty eradication. Efforts must be made to promote an inclusive financial system that ensures the provision of useful, flexible and simple financing mechanisms for those who are most in need. The primary means of access to the formal financial system is the bank account. More often than not, however, people living in poverty are prevented from opening bank accounts for lack of sufficient income, assets or information. Those who cannot provide financial guarantees have to resort to informal credit markets and be subject to unfair repayment conditions and higher interest rates.

That is why the Brazilian Government launched the Banking Inclusion Programme, which created simplified bank accounts for low-income people without bank maintenance fees. Last year, the number of simplified accounts in Brazil exceeded 10 million. In addition, taking advantage of their massive presence throughout the country, lottery sale points and post offices were authorized to provide banking services that are used mainly by low-income people.

The role of microcredit in promoting gender equality and economically empowering women has also been highlighted in a number of United Nations documents, such as this year's Ministerial Declaration of the Economic and Social Council and resolution 54/4 of the Commission on the Status of Women. Today, more than 70 per cent of all microcredit clients throughout the world are women. Following global trends, women are the main microcredit clients in Brazil, and the participation of women as microfinance borrowers tends to grow in lower-income households. Thus, the role of women as entrepreneurs and in alleviating poverty becomes even more evident.

The recent crisis has highlighted the need to promote both poverty eradication policies and the responsible management of finances. Microcredit and microfinance, given their direct relation to production and entrepreneurship, respond to these two key demands. The United Nations system can play a key role in mobilizing resources and in providing technical support to developing countries in the creation and expansion of national microcredit programmes. A strengthened and well-funded United Nations Capital Development Fund (UNCDF) should take the lead in projects targeted at providing investment capital, capacity-building and technical advisory services in order to make available microfinance and foster local development.

The challenges related to poverty eradication may be many, but effective and successful stories can be found in developing countries themselves. The United Nations system, especially the UNCDF, should benefit from these experiences and promote their replication in other countries implementing their own microcredit programmes.

Mr. Gutiérrez (Peru) (*spoke in Spanish*): Peru recognizes microcredit and microfinancing as useful tools in the fight to eradicate poverty. Peru also recognizes their capacity to improve the living conditions of populations, especially those who, lacking access to basic financial services, can use microcredit to generate opportunities for self-reliance for their own benefit and that of their communities.

Peru has been very successfully implementing a comprehensive development programme based on an economic policy with the clear objective of generating growth and employment, maximizing the country's great potential and advancing social policy to consolidate poverty reduction and social inclusion with equal opportunities. Within this policy, the fundamental philosophy of microcredit and microfinance to promote the responsible development of the community by giving high priority to social

impact and protection, has an appropriate framework in Peru thanks to an environment of economic and financial legislation that favours it.

For example, in Peru in recent years the microfinance system has contributed significantly to improving access to the use of banking services and to decentralizing financial services, with a strong presence in geographic areas and market segments that are not usually covered by the financial system. Thus, the participation of these sectors in the financial system has grown, with high participation in investment and deposits, and covers more than 20 per cent of debtors and almost 15 per cent of depositors of the financial system in general. Banks working in this area have increased the number of branches and customers, who now number more than half a million people, by specializing in the sector of micro- and small companies. Loans to poor segments of the population are one fourth of all credits at the national level, with a high repayment rate of almost 95 per cent.

Peru believes that there is a relationship between the strategies to reduce such scourges as climate change, for example, and poverty eradication. For this reason, public policies should and must be established to fight both at the same time in a simultaneous and interdependent fashion. In that respect, Peru endorses the reference in the Secretary-General's report on the role of microcredit and microfinance in the eradication of poverty (A/65/267) to the opportunities to promote the access of microfinance clients to clean energy sources. The report stresses that the majority of energy consumed by microfinance clients is, inter alia, for home cooking in poor areas.

As the President of Peru recently indicated in the current general debate,

> "Hundreds of millions of households in the world continue to use wood-burning stoves, thus driving deforestation and at the same time polluting the environment and causing serious bronchiopulmonary and nutritional problems among children. We propose to reduce the number of wood-burning stoves in Peru by 20 per cent by 2021 and to replace them with better stoves" (*A/65/PV.11*).

We believe that microfinancing institutions can play a major role in implementing this objective. I should indicate that Peru has acquired considerable experience in developing this initiative, which we will share with countries that request it. We also believe that, given the positive and direct impact of improved stoves on health and environmental preservation, the promotion of their use in poor and extremely poor sectors of the population should be included in development programmes of the United Nations.

While we recognize the usefulness of microcredit and microfinance with respect to the effects of the financial crisis, we believe that the principles of sustainability and social responsibility that they promote can and should be applied at the national and international macroeconomic levels, without losing sight of the fact that one of the fundamental missions of Governments should be to increase the scope of financial services, especially towards the most needy sectors.

Our country recently had the privilege of receiving a visit from one of the world's microcredit pioneers, Mr. Muhammad Yunus, Nobel Peace Prize laureate and founder of the Grameen Bank in Bangladesh. The Peruvian Government gave him the highest national award because of his experience, work and ongoing commitment to the comprehensive and dignified development of those who have the least in this world. Together with him, we can say that the main purpose of a social enterprise is not to profit but to resolve the problems of its immediate environment for the common good. We believe that it is in this spirit that our Governments must continue to strive to make greater and better use of these important tools.

Mr. Momen (Bangladesh): Allow me to begin by declaring our alignment with the statements of Yemen and Nepal on behalf of the Group of 77 and China and the least developed countries, respectively.

The follow-up to the International Year of Microcredit provides us with a unique opportunity for awareness-building, knowledge-sharing, and showcasing best practices and lessons learned in microcredit and microfinancing. It is a fact that the global financial and economic crisis, accompanied by a sharp increase in food and fuel prices and climate vulnerabilities, has put us into difficulties. It is unfortunate that more than 1 billion people were pushed under the poverty line in 2009 alone. According to the International Labour Organization, more than 30 million people will have lost their jobs by the end of this year. More importantly, income inequality between

rich and poor is rising rapidly, and the global economy appears to be skewed against the weak.

The global financial meltdown has become an excuse for a few developed countries to tilt towards protectionist sentiments and is impeding trade and exports from developing and least developed countries, forcing many into joblessness. Given the current trend in the external environment, it is projected that the number of poor will further increase.

However, it is dismal to note that many developing countries, particularly the least developed countries, do not have the means to confront the burgeoning menace of poverty. We know that progress does not come only through foreign aid and assistance. Rather, the engines of growth are innovation, competition, competitiveness, participation and motivation. These can be developed through imparting education, providing technology and, more importantly, providing access to capital and hope for a decent living. Therefore, Bangladesh has practised the concept of microcredit and easy access to small-scale financing, and given hope and confidence to a large section of women who have become the engines of growth and social change in Bangladesh. Once they became economically active, both the birth and child mortality rates went down.

Necessity is the mother of invention, and since Bangladesh faced many difficulties, it practised microcredit financing widely. Instead of the traditional collateral that is essential for receiving credit, peer pressure and mutual guarantees for loan users, known as social collateral, are used as a risk management technique for such loans. They are the distinguishing element of microcredit.

During the Great Depression of the 1930s, microfinancing was practised in the United States of America, mostly by churches. Later on it flourished, especially in Colombia, where the first microcredit bank was established in 1962. In Bengal, microcredit was widely practised, mostly by savings associations and charitable organizations, but hardly any of those survived in the long term as they were not institutionalized.

After Bangladesh achieved independence in 1971, the Bangladesh Rural Advancement Committee (BRAC), a non-governmental organization (NGO) of Bangladesh, started microcredit financing in rural areas, but its coverage was low. However, in 1983 the first microcredit bank, known as the Grameen Bank, was established in Bangladesh. While the total number of borrowers of the Colombian microcredit bank was fewer than 600,000, there were more than 30 million in Bangladesh — 50 times more — and Grameen's newer methodology guaranteed nearly 99 per cent repayment of loans. In Bangladesh, thousands of NGOs — especially Grameen Bank, BRAC, the Association for Social and Health Advancement, Proshika, the Telephone Shilpa Sangstha and BURO Bangladesh — have been involved in microcredit financing, and the Palli Karma-Sahayak Foundation, an autonomous Government agency, has been providing money to NGOs for microcredit lending.

When all is said and done, it is the Grameen Bank and its founder, Nobel laureate Professor Muhammad Yunus, who have steadfastly popularized microcredit financing throughout the globe. It offers an alternative model based on the neoliberal tenets of individualism and the free market. Bangladesh has championed microcredit as a free-market development tool that empowers the poor by encouraging and enabling them to participate in and grow their own economies. The concept of microcredit has remained the most widely replicated credit-lending programme in the world, in spite of its high lending rates. Microcredit has helped to persuade the world that the poor are innately capable of working their way out of the morass of poverty with dignity, and that they have the creativity and capacity to improve their own situation.

The contribution of microfinance to asset creation, employment generation, the provision of economic security and the empowerment of the poor, particularly women, is widely acknowledged and considered to be a good instrument for poverty alleviation. However, graduation from poverty to a higher income-generation level through microcredit is yet to be proved very successful. The problem is that, although 30 million people of Bangladesh are covered by microcredit financing, the poverty level is still at 32 per cent. It is no wonder that at times microcredit becomes a debt trap without adequate safeguards.

Poverty reduction has been the most challenging task before the global leadership. With more than 1 billion people living on less than $1 a day, in spite of its weaknesses microcredit could be a powerful tool for attaining millennium targets, particularly that of halving extreme poverty by 2015. The poorest can benefit from microfinance in terms of increased

incomes, primary health care, basic education and reduced vulnerability to natural disasters, provided its weaknesses can be reduced.

It is critically important that the poor get access to all factors of production, including credit. The case for microfinance as a mechanism for poverty reduction is simple. If access to credit can be improved, the poor can finance productive activities that will accelerate income growth and other economic activities. Microcredit has proven its potential to be the most cost-effective development tool. It has helped to convince the world that people living in poverty are innately capable of working their way out of it with dignity and that they have the skills and creativity to improve their lives, provided they have the opportunity. This is an innovative contribution that Bangladesh popularized in development thinking.

Microcredit has revolutionized rural people's attitudes towards women. It has proven to be one of the most successful measures for involving women in economic activities. Statistics suggest that microfinance clients are overwhelmingly women. Their number has now reached 90 per cent of total borrowers. The philosophy of providing microcredit to women is that, in order to rise out of poverty, a woman needs all kinds of inputs and support services and structures. In our country, women default on loans far less often than men, and credit extended to women has a much greater impact on household consumption and the quality of life of children.

Mrs. Rubiales de Chamorro (Nicaragua), Vice-President, took the Chair.

The issue of microcredit has been factored into our Poverty Reduction Strategy Papers. A set of recommendations have been put forward to make it more effective in poverty reduction. It must have specific targets and product designs to achieve a positive impact on the ultrapoor. Innovative approaches should be introduced with respect to bringing changes to credit delivery mechanisms, diversifying financial services and complementing microfinance with non-financial interventions. Microcredit is also seen as one of those instruments that, by stabilizing conflict-ridden societies, would help drain the marshes that produce thoughts and acts of terrorism.

As we become increasingly engaged in peacekeeping responsibilities in strife-torn parts of the world, microcredit can play a significant role in sustaining peace by creating jobs. The General Assembly, the Security Council and the international financial institutions have all acknowledged the efficacy of microfinance as an effective anti-poverty tool. As is evident from the news from the field from all parts of the world, it works, if of course the right wherewithal is provided. We now need to provide that. It must include the necessary legal, financial and social framework if microfinance or microcredit is to work effectively.

Over the past two decades, microfinance programmes have rapidly spread worldwide. The *State of the Microcredit Summit Campaign Report 2006* found a nearly sevenfold increase in the number of clients with loans. Rising from 13.5 million clients in 1997, credit reached 113 million in 2005; 82 million of these are poor and living on less than $1 a day.

Credit may be the primary requirement of the poorest of the poor, but credit alone is not sufficient to alter their fate. Finance must be accompanied by entrepreneurial training. This product should be packaged with a basic knowledge of hygiene, health, social rights and responsibilities, and education to maximize its benefits. If done right, microfinance can unleash the huge potential of the poor and bring about a sea-change in their lives, lifting them out of the poverty trap.

Poverty anywhere is poverty all over. Hence, eliminating poverty and attaining prosperity is a treasured dream and a revered duty for all of us. It is the boundless pursuit of justice, equality and fairness. Let us fight for a world that is free from hunger, want and deprivation. Together, we can banish extreme poverty in our own generation. Let me echo the call of Muhammad Yunus of Grameen Bank: "Let us put poverty in a museum". I look forward to a new impetus in the development process resulting from this year's discussions, debates and resolutions of the United Nations.

Mr. Kim Chang Mo (Republic of Korea): The microfinance movement has quietly changed the world ever since the first microloans were introduced in the developing world in the 1970s. The international community held a microcredit summit in 1997. Later, the United Nations declared 2005 as the International Year of Microcredit. In 2006, Muhammad Yunus and Grameen Bank received the Nobel Peace Prize for their contributions.

Now, more than $25 billion are currently at work in microfinance loans. During the past four decades, microloans have proven the strong potential of tiny innovative measures to change the lives of the poor. In those years, the characteristics and trends of microloans have changed, and we are realizing that they are not a cure-all in eradicating poverty. The reality of microcredit and microfinance is very complex. In this regard, we appreciate the Secretary-General's useful report (A/65/267), which identifies the achievements and limits of microcredit and microfinance as a poverty-eradication strategy.

Taking this opportunity, the Republic of Korea would like to highlight the following points that we think are important in terms of policy guidance. First, we think that microloans have other effects, such as social protection and social inclusion, but that they should first be seen as a tool for economic growth and development strategy. Three weeks ago, our leaders proclaimed that promoting sustained, inclusive and equitable economic growth is necessary for accelerating progress towards achieving the Millennium Development Goals. This means that the economic growth we harness must be pro-poor, inclusive and equitable, and allow all people, especially the poor, to participate in the process and equitably enjoy its benefits. We believe that microfinance is one of the most important tools in ensuring that the poor can participate in and share the outcome of economic growth.

Secondly, despite the first point, we believe that the impact of microfinance should not be overestimated. As studies show, microfinance usually does not have much impact on the poorest, who do not have the ability to repay the loans, and that it sometimes ends up adding to their debt burden. Microfinance benefits those with existing businesses and who are a little wealthier than the poorest. Therefore, we need carefully to develop a national development strategy based on a deep understanding of where microfinance is useful and where grants are most needed.

Thirdly, as the report points out, even though strengthening the transparency of microfinance institutions and improving the regulatory framework are important, the framework should not hamper the innovative nature of microfinance, but allow diverse institutions and bank agents to deliver varied and flexible financial services. In this regard, we again have to emphasize that it is the primary responsibility of each Government to keep the delicate balance and proportionality between expanding access to financial services and ensuring safety.

Finally, we would like to add that the Group of 20 (G-20) has launched two sub-groups of the Financial Inclusion Expert Group: one on access through innovation and the other on financing for small- and medium-sized enterprises. The Expert Group is also developing an action agenda to be issued during the upcoming G-20 Seoul Summit. The Republic of Korea recognizes that financial inclusion is a core issue, and we will contribute to the discussion, especially in order to come up with effective measures for enhanced capital flow for small- and medium-sized enterprises. We hope that that effort will also be a sound basis for the United Nations and other forums to promote financial inclusion, including microcredit and microfinance, and contribute to poverty eradication.

Mr. Habib (Lebanon): My delegation thanks the President for organizing this timely meeting, allowing the international community to take stock of national, regional and international initiatives to promote microcredit and microfinance. If somebody received a $1,000 loan, what would they do with it? It may not seem like a great deal of money but, for hundreds of millions of people throughout the world, it represents several times their annual income. For Rabiaa Al Wass, a Lebanese businesswoman from the Bekaa Valley, $1,000 enabled her to open a clothing store rather than sell door-to-door. For Zaki Bou Farhat, a farmer from South Lebanon, $1,000 helped him obtain a herd of 12 cows and produce organic dairy products for commercial use. Those are examples of microcredit loans.

In Lebanon, microcredit loans have been available since 1990. An estimated 30,000 Lebanese citizens, like Ms. Al Wass and Mr. Bou Farhat, have benefited from such services. In 2004 the Central Bank of Lebanon launched an initiative to encourage banks to use up to 5 per cent of their loan reserves to extend small loans in Lebanese pounds. The figures and various initiatives demonstrated the need for a multifaceted approach, a comprehensive strategy, and a national lead initiative to identify priorities and ensure social and economic viability. Such actions need to be complemented by a regionally and internationally conducive environment.

In that context, my delegation would like to focus on the following areas: first, increasing awareness of microcredit and microfinance. The year 2005, declared as the International Year of Microcredit, marked the global recognition of microcredit as an enabler of economic and social development. There is no doubt that the International Year created considerable momentum. A year later, the Nobel Peace Prize was awarded to the father of microcredit, Professor Muhammad Yunus from Bangladesh, and to Grameen Bank. Just a few weeks ago the outcome document of the High-level Plenary Meeting on the Millennium Development Goals called for:

> "Expanding access to financial services for the poor, especially poor women, including through adequately funded microfinance plans, programmes and initiatives supported by development partners" (resolution 65/1, para. 23).

This is seen as a way to accelerate progress. The outcome document is also evidence of increased public awareness and understanding of microfinance and microcredit as vital parts of the development equation.

Secondly, with regard to promoting strategic partnerships and inclusive financial sectors with sustainable access, we cite the Blue Book project entitled "Building Inclusive Financial Sectors for Development" as an example of new partnerships, bringing together the United Nations and a multilateral agency group representing the World Bank, the International Monetary Fund, the International Fund for Agricultural Development and the International Labour Organization. Additionally, in 2009, the Consultative Group to Assist the Poor began an effort to measure financial inclusion in an annual publication entitled "Financial Access". The 2010 report shows an increase in the number of deposits per 1,000 adults and reflects increased access to financial services. Also, in 88 per cent of the economies surveyed, financial regulators were responsible for at least one element of financial inclusion, which includes consumer protection, financial literacy, microfinance regulation and savings, as well as small- and medium-sized enterprise and rural finance promotion. Indeed, in an address to the Second Committee last week, Professor Robert Shiller of Yale University spoke of the democratization of finance, manifested by a surge in microcredit and other instruments such as weather insurance for smallholder farmers.

Thirdly, with regard to alleviating the impact of the economic and financial crisis, it is certain that the ongoing economic and financial crisis has affected microcredit and financial inclusion. The 2010 Financial Access report notes a decrease in financial outreach owing to the closing of bank branches as a result of the crisis. We therefore call on donors to continue their contributions, so as to ensure the sustainability and predictability of funds in order to help eradicate poverty, increase social inclusiveness and ultimately empower poor and marginalized people.

Fourthly, with regard to ensuring peace, security and stability, we can say that microcredit and microfinance, like other investments, are more likely to prosper in a peaceful, secure and stable environment. In that context, my delegation notes that in countries affected by armed conflict, other non-economic external factors may also hinder progress. For example, in 2006, during the war waged by Israel against Lebanon, Ms. Al Wass' store was severely damaged and could not be reopened. Mr. Farhat's entire herd was killed by a bomb and his home was partly demolished. Had the war not occurred, imagine how the $1,000 investment in each case would have reinforced entrepreneurship and expanded self-employment. Imagine that any additional loans would have generated even greater development, creating a social safety net, not only for those individuals but also for all their families.

Microcredit has proven effective in improving livelihoods "by easing the management of expenses and preventing further hardship" (A/65/267, para. 28), as stated by Secretary-General Ban Ki-moon in his report. The challenges facing microcredit are enormous. We thus must show equal determination in ensuring that more and more of the world's poorest families, especially the women of those families, are receiving credit for self-employment and other financial and business services. We also echo the Secretary-General's call that efforts to promote microcredit and financial inclusion must be complemented with interventions that further address aspects of poverty, such as investments in health and skills training.

Mr. Loulichki (Morocco) (*spoke in French*): My delegation is pleased to take part in this debate on promoting sustainable development and eliminating poverty, issues to which my country, with the King at its head, accord strategic importance and priority. I should also like to take this opportunity to hail the commitment of the Secretary-General, who took an active part in the success of the high-level meetings on the Millennium Development Goals, biodiversity and on the Mauritius Strategy for the Further

Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States. Today, we are meeting at a crossroads that comes on the eve on the holding of two conferences in Nagoya and Cancún.

The new orientations in development adopted by my country are reflected, first of all, in the national strategy for protecting the environment and sustainable development, in the implementation of the National Plan of Action on the environment, in the 2020 Rural Development Strategy and the launching of the human development initiative. The 2020 Rural Development Strategy is a specific pillar in the country's overall development. Its implementation is based on the convergence of policies that can provide suitable responses to the many social problems faced in rural areas. The Strategy has as its central goal creating the most favourable conditions so that rural populations can accede to a dynamic process that will enable us to remedy imbalances.

The Moroccan Government's action when it comes to combating poverty is based on two pillars: first, the deployment of basic infrastructure throughout the country, and secondly, the adoption of a targeted approach to combating poverty, based on specific results. The initiatives undertaken have allowed us to reduce poverty, which has moved from 19 per cent in 1998 to 11 per cent in 2006, a fall of almost 50 per cent. A number of national initiatives have been launched as part of this and are reflected in the establishment of a social development agency and implementation of a national initiative for human development.

This initiative, inspired and launched in 2005 by the King, is an innovative approach to combating poverty and developing marginalized areas. The four benchmarks of this initiative are as follows: guaranteeing decent living conditions for the most vulnerable; building a social project to promote global coherent and comprehensive development; mitigating the negative impact of poverty; and taking advantage of foreign experience in terms of combating poverty and exclusion. This initiative seeks to reduce poverty and social exclusion through actions of support dedicated to income-generating activities, capacity development, and improving conditions of access to basic infrastructure and services. A meeting to take stock of the progress achieved through this initiative will be held in the days to come with the participation of international and national experts to assess the impact of this initiative on poverty reduction and also to exchange good practices.

To effectively combat poverty my country has steadfastly strengthened its national financial institutions and improved conditions for access to financing. Here, as part of the process of creating small and medium enterprises, microcredit for the poor population has been launched. Microcredit, a recent financial mechanism, meets the urgent needs of the poor population to accede to financial resources. The number of microcredit loans granted to the poorest of the population in Morocco in the last few years has reached a value of €29 million, a rise of more than 81 per cent compared to previous years. The creation by the Moroccan Government of a consultative council of microcredit is proof that the establishment of a legal framework for promoting microcredit shows a will to persevere in combating social exclusion. In Morocco, microenterprises allow 60 per cent of the active population, or 6 million people, to receive jobs. This microactivity, which is a response to informal banking modalities, is suitable for a large network of small enterprises. I must stress here, and echo the statement made by my colleague, the Ambassador of Bangladesh, that the status of women who benefit from microcredit is growing, as has been shown — and I think this must be credited to the perseverance of women — by the fact that women have achieved much better results when they receive microcredit loans.

The multiple threats facing our world environment have had serious repercussions on the growth of poverty, significantly hampering the achievement of the Millennium Development Goals. A close correlation exists between poverty and the promotion of sustainable development. The declaration adopted at the end of the High-level Plenary Meeting on the Millennium Development Goals at the start of the current session was an important step in assessing the opportunities and obstacles for the attainment by all of the Millennium Development Goals. A short-term follow-up will undoubtedly consolidate the process of achieving those goals. In that context, it is important to envisage a review and evaluation on a yearly basis of these goals.

Mr. Zinsou (Benin) (*spoke in French*): Allow me to say how pleased I am to be able to take the floor today on behalf of my country, the Republic of Benin, on the occasion of the current plenary meeting devoted to outcome of and follow-up to the International Year of Microcredit. I should also like to take this opportunity to compliment the United Nations Secretary-General on his comprehensive report and, above all, for the relevant analysis and the

recommendations contained therein, which are very much in step with resolution 53/197, whereby the General Assembly declared the year 2005 the International Year of Microcredit.

Anxious to combat all aspects of poverty and social exclusion, which affect the majority of the Benin population, particularly in rural areas, the current Government of my country has, since coming to power, adopted a plan and strategy, the main pillars of which are as follows: consolidating the macroeconomic framework; developing human capital and environmental management; enhancing governance and institutional capacities; and promoting sustainable jobs and enhancing the capacities of poor people to take part in the decision-making and production processes through better access to microcredit. Microcredit seeks, above all, to enable the majority of the poorest people and those bereft of financial resources to engage in income-generating activities. Such loans have proven their worth in a number of Asian countries as an effective way of awakening the dormant capacities of human capital and have in many cases led to spectacular gains in record time in terms of gains in income per capita.

On 27 February 2007, the Benin Government, inspired by this commendable performance, launched a major initiative called the Microcredit Programme for the Poorest, to the tune of 10 billion CFA francs or $20 million and appointed a young woman with exceptional qualities to the post of Minister of Microfinance to manage the Programme. This Ministry is supported in implementing this programme by partners such as the Regional Solidarity Bank, community associations and non-governmental organizations. Since then, the Microcredit Programme for the Poorest has empowered close to 600,000 people, the majority of whom are urban and rural women. The momentum generated by the Government's initiative and its impact on improving the living conditions of the poorest, particularly of women, has led the State to pursue its efforts of financing and oversight. The Programme, which is expanding, has thus far received a mobilization of funds of close to 32 billion CFA francs or close to $64 million, and people keep coming back for more. Innovations focusing on illiteracy, microinsurance and mutual health insurance have also been introduced into the Programme, as has biometric technology, the goal of which is to promote professionalism and the security of funds. Our Government, whose short-term goal is to extend the Programme to at least 1 million people, is endeavouring to marshal more resources for it in the current context, which is marked by the repercussions of the international economic and financial crisis, which has seriously affected the country's economy. That is one of the concerns that should be addressed during our current debate, namely, how to help countries that have enjoyed success in developing microcredit to acquire funds at favourable rates that would enable the granting of credit to people who need it most.

In the light of its experience, Benin calls on the international community to support the approaches adopted by the developing countries with regard to monitoring administrators and recipients of microcredit, above all in the drafting of effective regulations governing this promising, albeit very vulnerable, sector with its close links to informal networks. The disparities and irregularities recently detected in a number of African countries, which have had a damaging impact on the people concerned, including in Benin, undoubtedly demonstrate the rationality of the recommendations made by the Secretary-General on that subject in his report. We cannot deny the need to adopt and implement appropriate regulations as part of a global approach aimed at increasing the supply of financial services available to people living in poverty, at strengthening the coordination of financial policy, and at responding to the complexity of the problems raised by this type of financial product.

As Benin stressed a few days ago in the Sixth Committee, we can only welcome the inclusion on the agenda of the United Nations Commission on International Trade Law of the issue of the harmonization of microfinance legislation. The studies to which the work of the Commission will lead will allow us to better define the contours of microfinance, which is an important instrument for promoting development and to maximize its impact and contribution to the promotion of sustainable human development in all countries.

The Acting President (*spoke in Spanish*): The General Assembly has thus concluded this stage of its consideration of sub-item (a) of agenda item 24.

The meeting rose at 12.05 p.m.